The purpose of this presentation is to provide information on the impact of the adoption of IFRS. The financial information contained herein represents our current best estimates and may be affected by changes to IFRS standards, interpretations thereof and the emergence of best practice. Certain of these standards are still subject to endorsement by the European Commission. For these reasons it is possible that the information presented may be subject to change. The financial information contained herein is unaudited.
Communication Timetable

2004 Annual Results Irish / UK GAAP

2004 IFRS Irish / UK GAAP reconciliation

Interim Results to 30 June 2005 under IFRS, with comparatives

Full year audited Results to 31 December 2005 under IFRS, with comparatives

Summary

- For all accounting periods beginning from 1 January 2005, Kerry Group will report its results under IFRS
- Comparative information is provided for 2004 and is the subject of this presentation
- IFRS impact on 2004
  - Turnover: no change
  - Cash flow: no change
  - Adjusted EPS: -0.8 cent = -0.6%
  - Net assets: -€76m = -7%
• **Income Statement**
  - No change in turnover
  - Pension expense reduced by €3m
  - Amortisation charge reduced by €60.5m
  - Deferred tax charge increased by €5.2m

  Resulting in a minor reduction of 0.8 cent in adjusted EPS

• **Balance Sheet**
  - Reflects Pension deficit of €199m together with associated deferred tax asset
  - Deferred tax no longer discounted
  - Goodwill balance increased by €67m, primarily due to reduction in amortisation charge
  - Final 2004 dividend of €18m removed

  Resulting in an overall reduction of €76m in net assets

• **No change in Free Cash Flow**
## Reconciliation of 2004 Earnings per Share (Cent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EPS*</td>
<td>123.7</td>
<td>1.6</td>
<td>-</td>
<td>(3.0)</td>
<td>0.6</td>
<td>122.9</td>
</tr>
<tr>
<td>Goodwill / intangible amortisation</td>
<td>(37.2)</td>
<td>-</td>
<td>32.5</td>
<td>-</td>
<td>(0.6)</td>
<td>(5.3 )</td>
</tr>
<tr>
<td>Non-trading items</td>
<td>(8.3)</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
<td>(8.1 )</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>78.2</td>
<td>1.6</td>
<td>32.5</td>
<td>(2.8)</td>
<td>-</td>
<td>109.5</td>
</tr>
<tr>
<td>Share option dilution</td>
<td>(0.4)</td>
<td>-</td>
<td>(0.2)</td>
<td>-</td>
<td>-</td>
<td>(0.6 )</td>
</tr>
<tr>
<td>Fully diluted EPS</td>
<td>77.8</td>
<td>1.6</td>
<td>32.3</td>
<td>(2.8)</td>
<td>-</td>
<td>108.9</td>
</tr>
</tbody>
</table>

*Note: * before intangible asset amortisation and non-trading items
## Reconciliation of December 2004 Balance Sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets (Irish / UK GAAP)</td>
<td>1,044</td>
</tr>
<tr>
<td>Pension deficit on balance sheet</td>
<td>(199)</td>
</tr>
<tr>
<td>Decrease in deferred tax liability</td>
<td>38</td>
</tr>
<tr>
<td>Goodwill balance sheet increase</td>
<td>67</td>
</tr>
<tr>
<td>Remove 2004 proposed dividend</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>968</td>
</tr>
</tbody>
</table>
Zero Cash Impact

- Cash flow generation
- Cash balances
- Borrowings
- Payment of dividends
Key IFRS changes that impact Kerry Group financial statements are

<table>
<thead>
<tr>
<th>Intangible amortisation</th>
<th>IAS 38 ‘Intangible Assets’ and IFRS 3 ‘Business Combinations’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>IAS 19 ‘Employee Benefits’</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>IAS 12 ‘Income Taxes’</td>
</tr>
<tr>
<td>Dividends</td>
<td>IAS 10 ‘Events after the Balance Sheet Date’</td>
</tr>
<tr>
<td>Financial instruments</td>
<td>IAS 32 and IAS 39 (from 1/1/2005)</td>
</tr>
</tbody>
</table>
IAS 38 Intangible Assets and IFRS 3 Business Combinations

Irish / UK GAAP Policy

• Amortise goodwill and intangible assets over estimated useful life (not exceeding 20 years)

IFRS Policy

• Goodwill not amortised but subject to an annual impairment review
• More intangibles identified on acquisitions
• Intangible assets with indefinite lives not amortised but subject to annual impairment
• Intangible assets with finite lives amortised

Financial Impact

• Reduction in intangible amortisation charge in 2004 from €69.3m (Irish / UK GAAP) to €9.8m (IFRS)
• Increase the asset value in the balance sheet by €67m
IAS 19 Employee Benefits - Pensions

Irish / UK GAAP Policy

• The Group has accounted for pensions in accordance with SSAP 24 and the pension expense has broadly equalled the cash contribution

IFRS Policy

• Defined contribution schemes no change
• The Income Statement charge is based on the current service cost and the financing cost
• Actuarial gains and losses are recognised directly in the Statement of Recognised Income and Expense
• Defined benefit pension assets/liabilities brought onto the balance sheet

Financial Impact

• More volatility in the Balance Sheet due to a market driven approach
• 2004 charge reduced by €3m, primarily as a result of non-amortisation of pension deficit in the Consolidated Income Statement for IFRS
• The combined deficit on defined benefit and post-retirement schemes of €199m is recognised on the Balance Sheet as a liability
**Irish / UK GAAP Policy**

- Deferred tax was recognised only on timing differences that arose from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

**IFRS Policy**

- Deferred tax is recognised in respect of all taxable temporary differences arising between the tax base and the accounting base of balance sheet items. This means that deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under Irish / UK GAAP.
- Discounting is not allowed.

**Financial Impact**

- Income Statement charge increases by €5.2m primarily due to elimination of discounting.
- Deferred tax liability reduces by €37.6m primarily due to the recognition of the deferred tax asset associated with the pension deficit.
IAS 10  Events after the Balance Sheet Date - Dividends

Irish / UK GAAP Policy
• Dividends were accrued in the accounting period to which they related, even if the shareholder approval of that dividend took place after the balance sheet date

IFRS Policy
• Proposed dividends do not meet the definition of a liability until they have been approved by the shareholders at the AGM

Financial Impact
• Kerry Group will not recognise the dividend liability until it has been approved by the AGM. This will result in derecognition in the IFRS accounts of the final dividend for 2004. This will not affect the amount or the timing of the payment of the dividend either this year or in future years
These standards introduce changes to accounting for derivative and other financial instruments. IFRS 1 allows, for the year ended 31/12/2004, derivatives and other financial instruments to be accounted for under Irish / UK GAAP. Kerry Group will apply IAS 32 and IAS 39 from 1/1/2005. We do not envisage a major impact as hedge accounting is expected to apply.
Other Issues

• IAS 21 Effects of changes in foreign exchange rates
  – Impact - reserve movement of €0.6m negative

• IFRS 5 Non current assets held for sale
  – Impact - €4.4m reclassified from fixed assets to current assets

• IAS 14 Segmental reporting
  – Impact - segmental reporting rules already complied with

• IFRS 2 Share based payments
  – Impact - no amendments as all share options granted before 7 November 2002

• Format and layout of financial statements
  – To be implemented in year-end financial statements
<table>
<thead>
<tr>
<th>Description</th>
<th>€’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax (Irish / UK GAAP)</td>
<td>145,785</td>
</tr>
<tr>
<td>Pension adjustment IAS 19</td>
<td>2,971</td>
</tr>
<tr>
<td>Goodwill adjustment IAS 38 and IFRS 3</td>
<td>60,500</td>
</tr>
<tr>
<td>Income taxes IAS 12</td>
<td>(5,206)</td>
</tr>
<tr>
<td>Profit after tax (IFRS)</td>
<td>204,050</td>
</tr>
</tbody>
</table>
### IFRS Impact on 2004 Numbers

The impact of IFRS on key items in the Consolidated Income Statement and Consolidated Balance Sheet is as follows:

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Irish / UK GAAP</th>
<th>Change €m</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>€4,129m</td>
<td>€4,129m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trading profit*</td>
<td>€356m</td>
<td>€349m</td>
<td>€7m</td>
<td>2%</td>
</tr>
<tr>
<td>PAT</td>
<td>€204m</td>
<td>€146m</td>
<td>€58m</td>
<td>40%</td>
</tr>
<tr>
<td>Adjusted EPS*</td>
<td>122.9c</td>
<td>123.7c</td>
<td>(0.8c)</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Net assets</td>
<td>€968m</td>
<td>€1,044m</td>
<td>(€76m)</td>
<td>(7%)</td>
</tr>
</tbody>
</table>

*Note: * before intangible asset amortisation and non-trading items
No impact on guidance for the year